

EMPIRE INDUSTRIES LIMITED

DIVIDEND DISTRIBUTION POLICY

(As adopted and approved by the Board of Directors on August 11, 2021)

This policy applies to the distribution of dividend by **Empire Industries Limited** (the “Company”) in accordance with the provisions of the Companies Act, 2013 (“Act”) and the SEBI Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Regulations).

Title

This policy will be called as “Dividend Distribution Policy”.

Definitions

The terms referred to in the policy will have the same meaning as defined under the Act and the Rules made thereunder, and the SEBI Regulations.

Background

SEBI has, through its notification dated May 05, 2021, released the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2021, which got effective from May 06, 2021, amending the Regulation 43A (Dividend Distribution Policy) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, requiring the top one thousand listed entities based on market capitalization (calculated as on March 31 of every financial year) to formulate a dividend distribution policy which shall be uploaded on the website of the listed entities and a link whereof shall be provided in their annual reports.

This Policy sets out the parameters and circumstances that will be taken into account by the Board of Directors of the Company in determining the distribution of dividend to its shareholders and/or retaining profits earned by the Company. The Board of Directors may in extraordinary circumstances, deviate from the parameters listed in this policy.

A. The circumstances under which the shareholders may or may not expect dividend;

The Company shall comply with the relevant statutory requirements that are applicable to the Company in declaring dividend or retained earnings. Generally, the Board shall determine the dividend for a particular period after taking into consideration the financial performance of the Company, the advice of executive management, and other parameters described in this policy.

B. The financial /internal parameters that shall be considered while declaring dividend;

The Board of Directors of the Company shall consider the following financial parameters while declaring dividend or recommending dividend to shareholders:

1. Capital allocation plans including:

- (a) Expected cash requirements of the Company towards working capital, capital expenditure to meet expansion needs;
- (b) Investments required towards execution of the Company's strategy;
- (c) Funds required for any acquisitions that the Board of Directors may approve; and any share buy-back plans.

2. Minimum cash required for contingencies or unforeseen events;

3. Funds required to service any outstanding loans;

4. Liquidity and return ratios;

5. Any other significant developments that require cash investments.

C. External factors that shall be considered for declaration of dividend;

The Board of Directors of the Company shall consider the following external parameters while declaring dividend or recommending dividend to shareholders:

- 1. Any significant changes in macro-economic environment affecting India or the geographies in which the Company operates, or the business of the Company or its clients;
- 2. Any political, tax and regulatory changes in the geographies in which the Company operates;

3. Any significant change in the business or technological environment resulting in the Company making significant investments to effect the necessary changes to its business model;
4. Any changes in the competitive environment requiring significant investment.

D. Utilization of Retained Earnings;

The Company believes is cash retention for growth, expansion and diversification including acquisition to be made by it, and also as a means to meet contingency. The retained earnings of the Company may be used in any of the following ways:

1. Capital expenditure or working capital;
2. Organic and/or inorganic growth;
3. Investment in new business(es)
4. Additional investment in existing business(es)
5. Declaration of dividend
6. Capitalization of shares
7. Buy back of shares
8. General corporate purpose, including contingencies
9. Any other permitted usage as per the Companies Act, 2013

E. Policy as to how the retained earnings shall be utilized.

The consolidated profits earned by the Company can either be retained in the business and used for various purposes as outlined in Clause D above or it can be distributed to the shareholders.

F. Provisions in regard to various classes of shares.

The provisions contained in this policy shall apply to all classes of Shares of the Company. It may be noted that currently the Company has only one class of shares, namely, Equity Shares.

G. Waiver / Forgo of right to receive Dividend:

1. The Shareholders can waive/forgo the right to receive the dividend (either final and/or interim) as per Article 120 of the Articles of Association of the Company wherein the shareholder has a right to waive / forgo their right to receive the dividend in respect of equity shares held by them. However, the shareholders cannot waive/forgo the right to receive the dividend (either final and/or interim) for a part of percentage of dividend on share(s).
2. The Shareholder who wish to waive/forgo their right to receive the dividend for any year can inform the Company of his/her/their intention only after the beginning of the relevant financial year for which the right to receive the dividend is being waived/forgone by him/her/them.
3. In case of joint holders holding the Equity Shares of the Company, all the joint holders are required to intimate to the Company their decision of waiving/forgoing their right to receive the dividend from the Company.
4. The Shareholder, who wishes to waive/forgo the right to receive the dividend for any year shall send his irrevocable instruction waiving/forgoing dividend so as to reach the Company preferably after the Record Date /Book Closure Date fixed for the payment of such dividend but before the date of Annual General Meeting. Under no circumstances, any instruction received for waiver/forgoing of the right to receive the dividend for any year after the date of Annual General Meeting in which such dividend is declared, shall be given effect to.
5. The instruction once given by a Shareholder intimating his waiver/forgoing of the right to receive the dividend for any year for interim, final or both shall be irrevocable and cannot be withdrawn for that particular year for such waived/forgone the right to receive the dividend. But in case, the relevant Shares are sold by the same Shareholder before the Annual General Meeting in which such dividend is declared, the instruction once exercised by such earlier Shareholder intimating his waiver/forgoing the right to receive dividend will be invalid.
6. The instruction by a Shareholder to the Company for waiving/ forgoing the right to receive dividend for any year is purely voluntary on the part of the Shareholder. There is a no interference with a Shareholder's Right to receive the dividend, if he does not wish to waive/forgo his right to receive the dividend. No action is required on the part of Shareholder who wishes to receive dividends as usual. Such Shareholder will

automatically receive dividend as and when declared.

7. The decision of the Board of Directors of the Company or such person(s) as may be authorised by Board of Directors of the Company shall be final and binding on the concerned Shareholders on issues arising out of the interpretation and/or implementation of the above mentioned procedure.
8. The above mentioned procedure can be amended by the Board of Directors of the Company from time to time as may be required.

Review

This policy will be reviewed and amended as and when required by the Board.

Limitation and Amendment

In the event of any conflict between the Act or the SEBI Regulations or any other statutory enactments (“Regulations”) and the provisions of this policy, the Regulations shall prevail over this policy. Any subsequent amendment / modification in the Regulations, in this regard shall automatically apply to this policy.
